

## **LOE - CAE**

### **• NH1**

We are providing this letter in connection with your audits or reviews of the consolidated balance sheets of ..... (the "Company" or "We") as of ....., and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the two years in the period ended ..... for the purpose of expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). We confirm that we are responsible for the fair presentation in the consolidated financial statements of financial position, results of operations, and cash flows in conformity with U.S. GAAP. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if there is a substantial likelihood that they would be viewed by a reasonable investor as having significantly altered the "total mix" of information made available. An item that is monetarily small in amount could be considered material as a result of qualitative factors.

- a) We confirm, to the best of our knowledge and belief, as of ....., the following representations made to you during your audit or review.
  - The consolidated financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all disclosures necessary for such fair presentation and disclosures required to be included therein by the laws and regulations to which the Company is subject.
  - We have made available to you all—
    - Financial records and related data, including the names of all related parties and all relationships and transactions with related parties.
    - Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
    - There have been no communications from the SEC or other regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
    - There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
    - We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Company's accounts.
    - We believe that the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
    - We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
    - We have no knowledge of any fraud or suspected fraud affecting the Company involving.
- b) Management, Employees who have significant roles in internal control over financial reporting, or
  - Others where the fraud could have a material effect on the financial statements.
  - We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's consolidated financial statements received in communications from employees, former employees, analysts, regulators, or others.
  - The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
  - The following have been properly accounted for and adequately disclosed in the financial statements.
  - Related-party relationships or transactions, including sales, purchases, loans, transfers, leasing arrangements, guarantees, and amounts receivable from or payable to related parties.

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- Guarantees, whether written or oral, under which the Company is contingently liable.

- **NH2**

- c) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB Accounting Standards Codification 275, Risks and Uncertainties.
- There are no Violations or possible violations of laws or regulations whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the consolidated financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Accounting Standards Codification 450, Contingencies.
- Side agreements, implicit provisions, unstated customary business practices, or other arrangements (either written or oral) that affect the amount or timing of revenue reported in the financial statements and have not been disclosed to you.
- The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- The Company has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by the Company in developing the accounting estimates reported in the financial statements.
- The Company has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the consolidated financial statements.
- The unaudited interim financial information has been prepared and presented in conformity with accounting principles generally accepted in the United States of America applicable to interim financial information and with Item 302(a) of Regulation S-K and has been prepared on a basis consistent with prior interim periods and years.
- The Company does not owe the PCAOB outstanding past-due accounting support fees.
- Note 2 to the consolidated financial statements discloses all of the matters of which we are aware that are relevant to the Company's ability to continue as a going concern, including significant conditions and events, and management's plans.
- Receivables recorded in the consolidated financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet dates and have been reduced to their estimated net realizable value.

- **NH3**

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.

- Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements have been properly disclosed.
- We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of assets might not be recoverable and have appropriately

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recorded the adjustment.

- We have not granted any stock options with an exercise price that is less than the market price of the underlying stock on the date of the grant in the current period, or in any prior period, that would cause the amounts or disclosures in the consolidated financial statements for September 30, 2022 to be materially misstated.
- The Company has filed federal income tax returns with the Internal Revenue Service ("IRS") through 2019. Our Tax preparer is still working on the tax returns for the years 2020 through 2023. The Company recognizes tax benefits only to the extent that the Company believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Accordingly, the provision for unpaid federal income taxes (liability for unrecognized tax benefits) on the consolidated balance sheet reflects all tax positions that the Company believes do not have a greater than a 50% chance of realization after examination.
- The Company recognizes service revenue over agreed periods of services delivered to customers and recognizes product sales upon shipment of the ordered products to customers, provided there are no uncertainties regarding customer acceptance, persuasive evidence of an arrangement exists: the sales price is fixed or determinable: and collectability is deemed probable. Except as disclosed in Note 10 to the consolidated financial statements, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the consolidated financial statements.